

AGENDA
FREMONT REDEVELOPMENT AGENCY REGULAR MEETING
AND
VIA TELECONFERENCE WITH VICE MAYOR NATARAJAN FROM
5 SAHNGRILA, CARMAICHAEL ROAD, MUMBAI 4000026
JULY 28, 2009
7:00 P.M.

1. CALL TO ORDER

2. CONSENT CALENDAR

Items on the Consent Calendar are considered to be routine by the Redevelopment Agency and will be enacted by one motion and one vote. There will be no separate discussion of these items unless an Agency Member or citizen so requests, in which event the item will be removed from the Consent Calendar and considered in its normal sequence on the agenda. Additionally, other items without a "Request to Address the Redevelopment Agency Board" card in opposition may be added to the consent calendar. (In the report section of the agenda, consent items are indicated by an asterisk.)

2.1 Approval of Minutes

2.2 SERVICE AGREEMENT WITH SEIFEL CONSULTING, INC., FOR THE PROPOSED REDEVELOPMENT PLAN AMENDMENT

Consideration of Amendment No. 2 to the Service Agreement with Seifel Consulting, Inc., for the Financial Advisory Services in Connection with the Proposed Redevelopment Plan Amendment

Contact Person:

Name:	<i>Irene Klebanivska</i>	<i>Elisa Tierney</i>
Title:	<i>Business Manager</i>	<i>Redevelopment Director</i>
Dept.:	<i>Office of Housing and Redevelopment</i>	<i>Office of Housing and Redevelopment</i>
Phone:	<i>510-494-4510</i>	<i>510-494-4501</i>
E-Mail:	<i>iklebanivska@fremont.gov</i>	<i>etierney@fremont.gov</i>

RECOMMENDATION: *Authorize the Executive Director, or his designee, to execute a \$72,600 amendment to the service agreement with Seifel Consulting, Inc., for the completion of the financial feasibility component of the proposed Redevelopment Plan Amendment. Funding for the proposed contract amendment is available in the Redevelopment Agency FY 2009/10 budget, under the Plan Amendment item (950RDA1036)*

3. PUBLIC COMMUNICATIONS

3.1 Oral and Written Communications

4. PUBLIC HEARINGS - None

5. OTHER BUSINESS

5.1 Report Out from Closed Session of Any Final Action

5.2 CONSIDERATION OF ADDITIONAL FUNDING FOR ALLIED HOUSING MAIN STREET VILLAGE PROJECT

Consideration of \$3,650,350 in Additional Loan Funding to Allied Housing in Connection with a 64-unit Affordable Housing Development Proposed for a 1.6-Acre Vacant Parcel at 3615/3657 Main Street and 41037/41045 High Street in the Irvington Redevelopment Area

Contact Person:

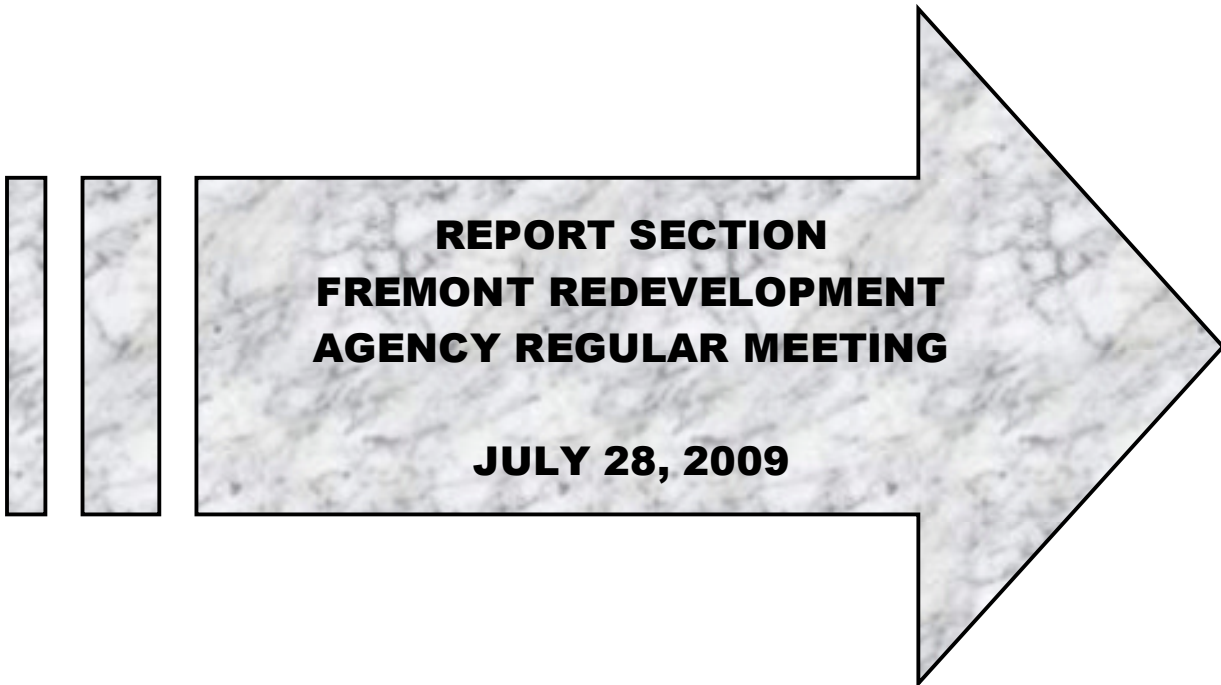
Name:	Irene Klebanivska	Elisa Tierney
Title:	Redevelopment Business Manager	Redevelopment Director
Dept.:	Office of Housing and Redevelopment	Office of Housing and Redevelopment
Phone:	510-494-4510	510-494-4501
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RECOMMENDATION: Staff recommends that the Agency Board adopt a resolution to:

1. Authorize the Executive Director or designee to execute the loan documents and take such other actions as required to provide additional loan funding in the amount of \$3,650,360 to Allied Housing in connection with a 64-unit affordable housing development proposed for a 1.6-acre vacant parcel at Main and High Streets in the Irvington Redevelopment Project Area; and
2. Approve an appropriation transfer of \$3,450,350 from the Agency's Affordable Housing: New Construction (911HHD6100) and Opportunity/Contingency Fund (911HHD7000) to the Main Street Village project (911HHD6113) in order to provide additional loan funding for the proposed development.*

*\$200,000 of CDBG funding was previously appropriated as a part of the FY 2009/10 budget.

6. ADJOURNMENT



***2.2 SERVICE AGREEMENT WITH SEIFEL CONSULTING, INC., FOR THE PROPOSED REDEVELOPMENT PLAN AMENDMENT**

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EXECUTIVE SUMMARY: At its July 24, 2007 meeting, the Agency Board and City Council authorized staff to begin preparation of a proposed Plan Amendment, which would increase the tax increment revenue cap for the Industrial Project Area portion of the Merged Program Area and would amend, restate and consolidate the currently separate redevelopment plans into a single Amended and Restated Redevelopment Plan for the Merged Project Area. The purpose of the Plan Amendment is to provide the Agency with additional financial resources necessary to contribute to the completion of the Irvington BART station and other redevelopment program activities identified in the 1998 Amended plans for Merged Project Area, as well as to provide a significant increase in funding for affordable housing.

At the same July 24, 2007 meeting, the Agency Board and City Council authorized staff to assemble a team of consultants in order to prepare the necessary documentation required for the Plan Amendment. Over the course of the past 18-24 months, this team, which consists of the Agency special counsel (Goldfarb & Lipman), financial consultant (Seifel Consulting, Inc.) and environmental consultant (Wagstaff & Associates, Inc.), made significant progress toward the preparation of the Plan Amendment documentation required by the California Environmental Quality Act (CEQA) and California Community Redevelopment Law (CRL). Staff and consultants are currently finalizing administrative drafts of major Plan Amendment documents, which would be available for public distribution and review later this summer. In order to address new financial reporting requirements, the impact of evolving State budget proposals on the Plan Amendment, and to complete the preparation of the required financial feasibility component of the Plan Amendment documentation, staff recommends that the Agency Board authorize the Executive Director, or his designee, to execute a \$72,600 amendment to the existing service agreement with Seifel Consulting, Inc.

BACKGROUND: The proposed Redevelopment Plan Amendment is an extensive process, which entails the preparation of multiple legal and financial feasibility documents, the majority ones being the Plan Amendment, Preliminary Report and Final Report. Pursuant to the CRL, the Plan Amendment text and a Preliminary and Final Report must be prepared to describe the updated proposed redevelopment program and the rationale for the Plan Amendment. The reports include an evaluation of the blight that remains in the Merged Project Area, an identification of any portions of the Merged Project Area that are no longer blighted, and an explanation as to why the proposed Plan Amendment is necessary to eliminate the remaining identified blight. A public hearing on the Final Plan Amendment will be

conducted, culminating in consideration by the City Council of adoption of the Plan Amendment ordinance, tentatively proposed for early 2010.

In preparation for a speedy turn-around for producing the necessary legal, financial and environmental documentation, the Agency Board and City Council authorized staff to utilize an existing service agreement with Seifel Consulting, Inc., at its July 24, 2007 meeting. The original service agreement was approved by the City Council in 2002, when staff was initially directed to work on the proposed Plan Amendment project.

The firm of Seifel Consulting is uniquely familiar with Fremont's redevelopment program and has significant experience working on redevelopment plan amendments and adoptions for a number of cities in the San Francisco Bay Area. The firm also worked with the Agency on the 1998 Fiscal Merger of Redevelopment Project Areas. At the direction of the Agency Board in July 2007, Seifel Consulting was retained to provide comprehensive financial analysis and to prepare the Preliminary and Final Reports on the Plan Amendment utilizing the \$165,000 remainder of the original contract of \$210,000, which was established in 2002 in connection with the initial Plan Amendment work.

Since the Plan Amendment activities were re-initiated in 2007, Seifel has made significant progress toward the preparation of the required documentation for the proposed project. More specifically, Seifel completed a comprehensive evaluation and documentation of physical and economic blight, finalized tax increment projection sensitivity analyses under alternative scenarios, provided extensive technical assistance to staff and special counsel for the consultations with taxing entities, and completed a portion of the Preliminary Report. However, in July 2008, additional project complexities, as well as the recent changes in redevelopment legislation (SB 1206), have necessitated a revision to the scope and budget of the financial feasibility component of the project. In order to continue working on the Preliminary Report, and to continue providing extensive financial analysis and technical assistance on the project, the Agency Board previously authorized the Executive Director to execute a \$175,000 amendment to the service agreement with Seifel Consulting, Inc., which brought the total amount of the agreement to \$385,000.

Since then, the State Controller's Office has established a new financial reporting requirement (AB 1389) for all redevelopment agencies statewide. This new requirement introduced additional complexities for the financial feasibility component of the Plan Amendment project, which necessitated additional technical advisory services, as well as additional financial modeling and sensitivity analyses of the proposed project. Furthermore, FY 2008/09 State budget uncertainties and various ERAF takeaway proposals required Seifel to provide yet another level of financial feasibility assessment of the Plan Amendment and prepare several drafts of the Preliminary Report document. Lastly, as the target date for the Plan Amendment adoption has been extended, the Seifel team had to provide an updated analysis of physical and economic blighting conditions remaining in the redevelopment districts.

These recent factors have resulted in another revision to the budget and scope of the Agency's agreement with Seifel Consulting, Inc., for the financial feasibility and technical advisory services in connection with proposed Plan Amendment. In order to complete the financial feasibility component of the project, which entails finalizing the Preliminary Report (scheduled to be released later this summer) and the preparation of the Final Report (tentatively scheduled for distribution at the end of 2009), staff recommends that the Agency Board authorize the Executive Director, or his designee, to execute

Amendment No. 2 in the amount of \$72,600 with Seifel Consulting, Inc. for the financial consulting and economic advisory services related to the proposed Redevelopment Plan Amendment. The proposed Amendment No. 2 will bring the total amount of the original contract, executed in 2002, to \$457,600.

ENCLOSURE: None

RECOMMENDATION: Authorize the Executive Director, or his designee, to execute a \$72,600 amendment to the service agreement with Seifel Consulting, Inc., for the completion of the financial feasibility component of the proposed Redevelopment Plan Amendment. Funding for the proposed contract amendment is available in the Redevelopment Agency FY 2009/10 budget, under the Plan Amendment item (950RDA1036).

5.1 Report Out from Closed Session of Any Final Action

5.2 CONSIDERATION OF ADDITIONAL FUNDING FOR ALLIED HOUSING MAIN STREET VILLAGE PROJECT

Consideration of \$3,650,350 in Additional Loan Funding to Allied Housing in Connection with a 64-unit Affordable Housing Development Proposed for a 1.6-Acre Vacant Parcel at 3615/3657 Main Street and 41037/41045 High Street in the Irvington Redevelopment Area

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Note: Companion item on City Council agenda.

Executive Summary: Allied Housing and Mid-Peninsula Housing Coalition (MPHC) are partnering with the City and the Redevelopment Agency on the proposed Main Street Village project, a 64-unit extremely low and very low income supportive housing development on the corner of Main Street and High Street in the Irvington Redevelopment Area. Since the project's inception in early 2008, the Agency has supported the Main Street Village project with a \$3,395,000 acquisition and predevelopment loan. Allied has utilized this funding for the acquisition of the project site and for completing the architectural, engineering, and environmental review work necessary for securing the project's entitlements. At this time, Allied is requesting an additional loan of \$3,650,350 from the Redevelopment Agency to assist the project in proceeding with design development, pre-construction and construction phases. If approved, this funding request will bring the total Agency contribution to the Main Street project to \$7,045,350. Staff recommends approval of the additional loan request. A companion item is being considered on this evening's City Council agenda.

BACKGROUND: The City Council and Redevelopment Agency Board have taken the following actions regarding the Main Street Village project:

- On January 22, 2008, the Agency Board approved a \$219,000 predevelopment loan for the project, which was funded by Agency affordable housing funds.
- On October 7, 2008, the Agency Board approved a \$3,000,000 acquisition loan to Allied for the purchase of the 1.6-acre site for the proposed project. This loan was funded by the State's HELP (Housing Enabled by Local Partnerships) Loan Program funds, awarded to the Agency and repayable by the developer in 10 years with 3% simple interest. In the event that the developer is unable to repay the HELP Loan in 10 years, the Agency will become responsible for the ultimate repayment of the loan to the State.
- On May 5, 2009, the Agency Board approved a \$176,000 predevelopment loan to Allied for the completion of the predevelopment activities necessary for securing the land use and environmental approvals. This loan was funded by Agency affordable housing funds.

- On May 12, 2009, the City Council approved \$200,000 of the FY 2009/10 CDBG allocation for the project to fund a Tenant Services Center and a Community Room. (This \$200,000 will be applied toward the current request for additional funding.)
- On July 14, 2009, the City Council, following the Planning Commission's recommendation, introduced the first reading of an Ordinance to Change the Land Use Designation from Medium Density Residential (15-18 dwelling units per acre) to High Density Residential (27-35 dwelling units per acre), a Rezoning from Planned District (P-84-12) to Multi-Family Residence District (R-3-35), Site Plan and Architectural Review and Preliminary Grading Permit to develop a 1.6-acre site with a residential project including 64 units and a Conditional Use Permit to allow 3,400 square feet of ground floor office space within the project. The second reading of the Ordinance is scheduled on this evening's City Council Agenda. A Mitigated Negative Declaration has been prepared and circulated for this project in accordance with the requirements of the California Environmental Quality Act.

Project Description: The Main Street Village project development will consist of two primary residential buildings, both being three stories in height. The proposed project includes:

- 63 affordable housing units for very low and extremely low income individuals and households and one manager's unit (at a density of 40 units per acre with a density bonus), including 17 studio units, 17 one-bedroom units, 20 two-bedroom units and 10 three-bedroom units.
- 3,400 square feet of ground floor office space.
- 59 on-site parking spaces (53 sub-terrain parking garage spaces and 6 at-grade parking spaces).
- A parking garage accessed off of Main Street. Access will also be provided off High Street near Building Two for the at grade parking. Circulation through the site will only be permitted for emergency vehicles.
- Approximately 18,700 square feet of common area, including a community room, laundry room, maintenance workshop and an open space area in the middle of the development.
- 100 square feet of storage space for each unit adjacent to the balconies and patios.
- Extensive use of green building techniques to increase energy efficiency and the use of sustainable materials. The project will also incorporate universal design principles to promote accessibility.

The City, as part of the conditions of approval of the Development, has required the Developer to construct certain offsite improvements including asphalt and concrete paving, wet and dry utilities connections, and installation of landscaping, irrigation and street lights. As part of the conditions for the construction of the Development, these offsite improvements will be of benefit to the Development. By improving existing paving, utilities, landscaping, irrigation and street lights, these improvements will serve to eliminate blighting conditions in the project area, and be of benefit to the surrounding neighborhood, and the project area as a whole. There are no other reasonable means available to the City to finance the improvements, and as such the Developer is required to finance the improvements as part of the conditions of approval. Given the affordability levels of the development, and the funds available to finance affordable Developments, no other funds exist other than the Agency funds to finance the construction of the offsite improvements. As part of providing financing for the Development, the Agency will be imposing long term affordability restrictions on the Development.

The proposed development will also include a significant supportive services component (42 out of 64 units will be set aside for special needs tenants). Permanent supportive housing is recognized nationally as an effective solution to ending homelessness. Residents in supportive housing often have multiple barriers that limit their success in more traditional housing settings. Through consistent, on-site enriched services such as case management, mental health counseling, financial literacy training, tenancy support and parenting classes, residents are able to sustain their housing over the long term and become more self-sufficient. Specifically, ten units would be restricted to tenants who qualify for the MHSA (Mental Health Services Act), most of whom will be extremely low income, chronically homeless adults, and those living with severe and persistent mental illness. Thirty-two additional supportive units will house other special needs tenants, which may include individuals with a history of homelessness, physical or mental disabilities and/or transition-aged foster care youth. The remaining twenty-one units will be occupied by other low income families and individuals who also will benefit from the service rich environment.

Allied Housing will contract with Abode Services to provide on-site service coordination for the supportive housing units. Abode has over 20 years of experience in providing these types of support services at other properties. Such services include intensive case management, mental health services, and individual and group substance recovery counseling. In addition to the wide range of services devoted exclusively to the residents of the units designated as supportive housing, all Main Street Village residents will be offered a variety of other on-site services often available to affordable developments. These will include job counseling and placement referral, life skills training, money management, parenting classes, children's programs and benefits acquisition. Abode will also be providing on-site coordination for these services, which will be offered to the tenants of the entire Main Street Village development (both to the residents of the 42 special needs units as well as to the tenants of the remaining 21 units).

Project Financing: Allied Housing, in partnership with Mid-Peninsula Housing Corporation, proposes to finance the Main Street Village development primarily through a 9% competitive federal tax credits allocation and a combination of State and local funding sources. Main Street Village project entitlements and the project funding timeline are required to meet the Tax Credit Allocation Committee (TCAC) deadline of August 17, 2009. Due to the unusual timing of the 9% tax credits allocation this year (one application round during the summer, instead of two rounds in spring and fall). A unique opportunity is presented by the additional resources available through the Federal Stimulus funding stream (with preferences given to housing projects benefitting special needs individuals and guaranteed minimum funding levels offered to those projects unable to find outside investors). This means that all land use approvals, environmental review and funding commitments from all sources, including local jurisdictions, need to be in place by the August 17, 2009 TCAC deadline.

Since late April, when the 2009 9% tax credits regulations became available, the project team has been working diligently to meet the ambitious timelines imposed by the constraints of the federal funding stream. Project land use and environmental review approvals are currently on schedule to meet the August 17, 2009 deadline. At the same time, financing projections, as illustrated in the most recent pro forma included below, estimate a funding gap of \$3,650,350. The developer has previously indicated that it would seek assistance from the City and the Redevelopment Agency in closing the project's funding gap in late 2009 early 2010. However, in view of the current TCAC funding deadline for the 2009 tax credits, Allied is now requesting an expedited project funding commitment by August 17,

2009, instead of December 2009/January 2010, as previously anticipated, in order for the Main Street Village project to remain competitive in the 2009 tax credits allocation round.

Additional funding in the amount of \$3,650,350 requested for the Main Street Village project consists of two components:

- Permanent loan of \$2,210,350, which will be used by the developer to close the funding gap and provide resources for design development, pre-construction and construction stages of the project, as well as the offsite improvements. The proposed terms of this loan are: interest rate-3%, repayment structure - residual receipts, due in 55 years (i.e., while the loan is due in full in 55 years, if the project generates surplus cash/residual receipts in the interim, then these must be put towards loan repayment).
- Short-term “bridge loan” of \$1,440,000, which Allied is intending to pay back to the Agency by fall 2010, when other sources of project financing become available.

The proposed \$1,440,000 “bridge loan” financing sources include 2009 Alameda County HOME funds allocation in the amount of \$400,817 (already recommended for the Main Street project by the County staff and pending Board of Supervisors approval in early fall 2009, per the attached letter from Alameda County); 2010 Alameda County HOME funds allocation in the amount of \$399,183 (application process is scheduled to begin in spring 2010); and 2010 Affordable Housing Loan Program allocation in the amount of \$640,000 (application process is scheduled to begin in fall 2009). Although Allied Housing, in partnership with MPHC, is anticipating that the Main Street Village project will be very competitive during the funding cycles for both Alameda County HOME funds and the Affordable Housing Loan Program allocation, the actual funding commitments from these sources will not be available until late 2009 and early 2010, which is much later than the August 17, 2009 federal deadline for securing the necessary funding components. Therefore, Allied is requesting that the Agency provide a short-term “bridge loan” of \$1,440,000, in addition to the permanent loan assistance of \$2,210,350, to ensure that the project’s funding commitments are met by the August 17, 2009 deadline and that the project remains competitive during the 2009 tax credit allocation cycle.

Allied is intending to repay the entire amount of the Agency’s \$1,440,000 “bridge loan” as soon as the Alameda County HOME funds and the Affordable Housing Loan Program allocation funds have been awarded to the Main Street Village project in late 2009 and early 2010. Once this occurs, the Agency’s total commitment to the Main Street Village project will be reduced from \$7,045,350 to \$5,605,350. However, if the development team is unsuccessful in securing this funding stream, the Agency will be responsible for the additional \$1,440,000 commitment to the project, as illustrated in Scenario B in the Sources and Uses Summary below:

**MAIN STREET VILLAGE-SOURCES AND USES SUMMARY
(64 AFFORDABLE RESIDENTIAL UNITS)**

SOURCES:	Scenario A: Agency “bridge loan” is repaid in full	Scenario B: Agency “bridge loan” is not repaid
City of Fremont/Agency – previously committed funds	\$3,395,000	\$3,395,000
Tax Credits Equity Investors / TCAP Loan	\$20,048,952	\$20,048,952
Alameda County-Mental Health Services Act (MHSA)	\$1,040,000	\$1,040,000
Alameda County HOME - HOPWA	\$800,000	0
Affordable Housing Program (AHP)	\$640,000	0
General Partner Equity	\$24,824	\$24,824
Mortgage - Section 8 Income	\$800,000	\$800,000
Total Sources:	\$26,748,776	\$25,308,776
USES:		
Site Acquisition and Related Costs	\$3,570,055	\$3,570,055
Hard Construction Costs, Interest & Fees	\$15,781,448	\$15,781,448
Soft Costs	\$8,142,480	\$8,142,480
Developer Fee /Overhead/ Profit	\$1,465,143	\$1,465,143
Total Uses / Total Development Costs (TDC)	\$28,959,126	\$28,959,126
Gap Funding Required	\$2,210,350	\$3,650,350
Total Residential Units	64	64
TDC Per Unit Cost	\$452,486	\$452,486
City/Agency Funding Per Unit Cost	\$87,584	\$110,084
Total City/Agency Funding for the Project	\$5,605,350	\$7,045,350*

***Note: The difference between the two RDA funding amounts in the above table is attributed to the \$1,440,000 “bridge loan”.**

While Allied and MPHC have committed to diligently pursuing these funding sources and submitting completed applications for the HOME and AHP funds, staff recommends the Agency commit to the full loan amount in order to document full project funding by the August 17, 2009 TCAC application deadline.

Community Outreach: Since the inception of the project, Allied Housing has hosted several community engagement events, including several open house venues, which allowed community members to view the preliminary site plans and offer input about the Main Street Village project. The development team also visited all neighbors adjacent to the project site and presented the project to the Irvington Business Association. As the project advances, Allied will continue its commitment to reach out to the community.

Benefit to Project Area and Housing Element Compliance: The development of housing on the Main Street site will benefit the Irvington Redevelopment Project Area by providing new, affordable housing for the residents of the area. All units proposed by the development team would count towards meeting the extremely low, very low and low income housing need for Housing Element compliance purposes.

Preliminary Development Timeline (Assumes Tax Credit Funding is Secured in Fall 2009):

- July 2009 – Land Use Approvals (Completed)
- August - September 2009 – Obtain Commitment for Construction Financing (Through Tax Credits)
- August 2009 to January 2010 – Complete Design Development, Pre-Construction and Obtaining Building Permits
- February 2010 – Commence Construction
- June 2011 – Complete Construction
- January - July 2011 – Complete the Lease Up of the Project

ENVIRONMENTAL REVIEW: A Mitigated Negative Declaration was previously circulated and adopted on July 14, 2009 for the Main Street Village project. The proposed project funding is consistent with the project's approval and is a subsequent step of implementing the project. No further environmental review is required.

FISCAL IMPACT: Funding for this project is provided for in the Agency's 20% Low/Moderate Set Aside Fund and the City's CDBG funding allocation for FY 2009/10.

ENCLOSURES:

- [Draft Resolution](#)
- [Site Map](#)
- [Letter from Alameda County regarding the commitment of HOME funds](#)

RECOMMENDATION: Staff recommends that the Agency Board adopt a resolution to:

1. Authorize the Executive Director or designee to execute the loan documents and take such other actions as required to provide additional loan funding in the amount of \$3,650,360 to Allied Housing in connection with a 64-unit affordable housing development proposed for a 1.6-acre vacant parcel at Main and High Streets in the Irvington Redevelopment Project Area; and
2. Approve an appropriation transfer of \$3,450,350 from the Agency's Affordable Housing: New Construction (911HHD6100) and Opportunity/Contingency Fund (911HHD7000) to the Main Street Village project (911HHD6113) in order to provide additional loan funding for the proposed development.*

*\$200,000 of CDBG funding was previously appropriated as a part of the FY 2009/10 budget.